



WISCONSIN REGULATORY DIGEST

**A Publication of the
DEPARTMENT OF REGULATION AND LICENSING
FOR CHARITABLE ORGANIZATIONS, PROFESSIONAL FUND-RAISERS
Volume 12, No. 1 AND FUND-RAISING COUNSEL May, 2000**

Statistics

The number of licensees, as of April 27, 2000, is:

Registered Charitable Organizations	4,841
Registered Professional Fund-Raisers	126
Registered Fund-Raising Counsel	0

Complaint Statistics

Complaints Received in 1999 – 17
Complaints Closed After Screening – 15
Complaints Closed After Investigation – 0
Complaints Closed With Discipline – 0

Note: The number of complaints closed includes complaints received prior to 1999.

Legislative Update

The Department requested legislation drafted that would change the registration criteria that distinguish between fund-raising counsel or professional fund-raisers. The bill draft was not

introduced in this legislative session. The Department will pursue having the proposal introduced in the upcoming 2001-2002 legislative session.

Reminders

The registrations of registered charitable organizations will expire on July 31, 2000. The Department will mail renewal notices around the middle of June. Registrations must be renewed every year. Registrants may send in a late renewal application and fee; however, they should not be soliciting contributions in Wisconsin until they have renewed their registration. There is a \$25 late filing fee. The renewal deadline for professional fund-raisers and fund-raising counsel is August 31 of each even-numbered year.

Representatives of charitable organizations should not confuse the renewal deadline with the deadline for filing annual reports or affidavits in lieu of financial reports. The renewal

CHARITABLE ORGANIZATIONS, PROFESSIONAL FUND-RAISERS AND FUND-RAISING COUNSEL

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Contents

Statistics.....	1
Complaint Statistics.....	1
Legislative Update.....	1
Reminders.....	1
Credential Holder Query	2
Selected Paragraphs from Article in February 24 Issue of the Chronicle of Philanthropy	3
A Very Important Distinction (RL 5.075)	3
Telephone Directory & Miscellaneous	4

deadline, July 31 each year, is the same for all registrants. The renewal form is simply a 3½-by 8½-inch piece of paper and is accompanied by instructions. However, the deadline for charitable organizations to file annual reports is 6 months following the end of their fiscal year. The fiscal year of some organizations ends on June 30; the fiscal year of other charitable organizations ends September 30, December 31, or any other date chosen by the charitable organization. If an organization fails to file a properly-completed annual report or affidavit, the Department will deny the renewal application. Last year the Department denied 51 renewals.

You might ask, “If the Department denies the renewal of registration, is that the end of the road for the charitable organization?” Not necessarily. If the organization submits the properly-completed report or affidavit, pays the regular renewal fee, and pays the \$25 penalty fee, the Department will renew the registration at that time.

Some organizations use the federal Form 990, rather than the Department’s Form 308, to file their annual financial report with the Department. If you file the Form 990, you must also include the Department’s one-page supplemental form, Form 1952. Please do not write across the top of the supplemental form, “Refer to Form 990 for figures.” Please fill in the figures, as required by the form.

If your organization changes its name, you must send to the Department a copy of the amendment of your organization’s Articles of Incorporation within 30 days after the name change.

A registered charitable organization that obtains \$5,000 or more of solicited income from Wisconsin contributors in a fiscal year must file a financial report. If the organization obtains less than \$5,000 of solicited income, it may file an affidavit which, basically, says that it did not obtain \$5,000 in contributions and it wishes to claim an exemption from the financial report requirement.

We have said before, and we will continue to remind you many times in the future, that

annual financial reports are open records. They may be viewed by the public and copied. In fact, making your financial reports available to the public is one of the primary purposes of the charitable organization registration law. We are pleased when reporters and other people come to our office to review reports. You may not be quite as pleased, because one never knows what kinds of problems can surface. However, if you are providing good stewardship of the contributions you obtain, you should have little to worry about. Just remember that what you put on the pages of your financial report can be put in front of you several years later and you may be asked to explain any inconsistencies with other information. We depend on the truthfulness and accuracy of what you report to us and on the scrutiny of others.

Credential Holder Query

Several weeks ago, Marlene Cummings, Secretary of the Wisconsin Department of Regulation and Licensing (DORL), announced an expansion of credential verification services offered through the DORL web site.

Cummings said the department has added a feature at the department’s web site (<http://www.drl.state.wi.us>) which will allow employers and members of the public to verify the status of professional credentials held by nearly 280,000 individuals.

Once the department’s web site is accessed, users may click on “Credential Holder Query” and they will gain access to the department’s credential data base where they can verify whether an individual holds a current license in any of the professions regulated by the department.

Giving employers and consumers the ability to directly access this information on the Internet makes it easier for the public to verify whether a person is entitled to practice a profession in Wisconsin,” Cummings said. “It will also be an effective deterrent to efforts by any individuals to successfully misrepresent their credential status since anyone with a computer and internet access can quickly verify whether the credential is actually held by that individual,” Cummings added.

Selected Paragraphs From Article in February 24 Issue of the Chronicle of Philanthropy

“Marc Owens, director of the Internal Revenue Service's Exempt Organizations Division since 1990, retired from the tax agency this month after nearly 25 years with the organization.

In conversations with *Chronicle* senior editors Jennifer Moore and Grant Williams, Mr. Owens reflected on his quarter century at the I.R.S. But he also looked ahead, warning charities to watch out for scoundrels who will try to swindle them and their donors. And he expressed concern that federal charity regulators could have trouble securing enough budget dollars and staff members to do a good job in the rebuilt agency.

Following are excerpts from those discussions:

Q What's the most important development in federal charity regulation that you've seen in your nearly 25 years at the I.R.S.?

A The intermediate-sanctions law [passed by Congress in 1996, which allows the revenue service to fine charity officials for getting excessive compensation] could very well turn out to be very significant. I say that because we just started to implement it. It was important, and it will take some time to decide if it's really a sea change or not.

But the changes in the disclosure rules of the Form 990 [informational tax returns filed by charities] could have the biggest impact on tax-exempt groups. The signals are for greater disclosure in the future, and that will be a tremendous development.

Q What would that change [a blurring of the lines between charity and commercial enterprises] mean for regulators?

A For tax administration and for state attorneys general, discerning what is a charity, and what isn't, is going to get harder. The

current statutory and regulatory framework is inadequate to deal with the increasing commercial nature of some charitable activities.

And you'll have the wheeler-dealers who will exploit that vagueness for their personal gain. And then you'll have a series of scandals; there will be people indicted for wire fraud and mail fraud and all sorts of things like that. It could set the stage for a fundamental review of the standards for tax exemption and unrelated business activity.”

A Very Important Distinction

RL 5.075 Criteria relating to registration as a professional fund-raiser or a fund-raising counsel.

(1) In determining whether a person is required to register as a fund-raising counsel under s. 440.43, Stats., or a professional fund-raiser under s. 440.44, Stats., the department evaluates the obligations of the person to determine whether the person's responsibilities are limited to preparing and sending mailings for a registered charitable organization as distinguished from the function of making a mailing under the person's own name.

(2) For the limited purpose of determining whether a person is required to register as a professional fund-raiser under s. 440.44, Stats., a person does not “solicit” in this state or employ, engage or provide, directly or indirectly, another person to “solicit in this state” as those terms are used in s. 440.41 (7), Stats., if all of the following apply:

- (a) The person mails requests for contributions.
- (b) The contents of the mailing identify a charitable organization as the person requesting the contributions.
- (c) The contents of the mailing do not include the name of the professional fund-raiser or the fund-raising counsel.

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Professional Fund-Raisers
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REGULATORY DIGEST

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Visit the Department's Web Site

<http://badger.state.wi.us/agencies/drl/>

Send comments to dorl@drl.state.wi.us

Wisconsin Statutes and Code

Copies of the Statutes and Administrative Code relating to charitable organizations and fund-raising can be ordered from the Department. Include your name, address, county and a check payable to the Department of Regulation and Licensing in the amount of \$5.28. The latest edition is dated July 1999.

Change of Name or Address?

Please photocopy the mailing label of this digest, make changes in name or address, and return it to the Department. Confirmation of changes is not automatically provided.

WIS. STATS. S. 440.11 ALLOWS FOR A \$50 PENALTY TO BE IMPOSED WHEN CHANGES ARE NOT REPORTED WITHIN 30 DAYS.

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